

§ 203.76

30 CFR Ch. II (7–1–07 Edition)

volume, you could lose some or all of the previously granted relief. This can happen because you must file a new complete application and pay the required fee, as discussed in § 203.62. We will evaluate your application under § 203.67 using the conditions prevailing at the time of your redetermination request. In our evaluation, we may find that you should receive a larger, equivalent, smaller, or no suspension volume. This means we could find that you do not qualify for the amount of relief previously granted or for any relief at all.

§ 203.76 When might MMS withdraw or reduce the approved size of my relief?

We will withdraw approval of relief for any of the following reasons.

(a) You change the type of development system proposed in your application (e.g., change from a fixed platform to floating production system, or from an independent development and production system to one with subsea wells tied back to a host production facility, etc.).

(b) You do not start building the proposed development and production system within 18 months of the date we approved your application, unless the MMS Director grants you an extension under § 203.79(c). If you start building the proposed system and then suspend its construction before completion, and you do not restart continuous building of the proposed system within 18 months of our approval, we will withdraw the relief we granted.

(c) Your actual development costs are less than 80 percent of the eligible development costs estimated in your application's most likely scenario, and you do not report that fact in your post-production development report (§ 203.70). Development costs are those expenditures defined in § 203.89(b) incurred between the application submission date and start of production. If you report this fact in the post-production development report, you may retain the lesser of 50 percent of the original royalty suspension volume or 50 percent of the median of the distribution of the potentially recoverable resources anticipated in your application.

(d) We granted you a royalty-suspension volume after you qualified for a redetermination under § 203.74(c), and we find out your actual development costs are less than 90 percent of the eligible development costs associated with your application's most likely scenario. Development costs are those expenditures defined in § 203.89(b) incurred between your application submission date and start of production.

(e) You do not send us the fabrication confirmation report or the post-production development report, or you provide false or intentionally inaccurate information that was material to our granting royalty relief under this section. You must pay royalties and late-payment interest determined under 30 U.S.C. 1721 and § 218.54 of this chapter on all volumes for which you used the royalty suspension. You also may be subject to penalties under other provisions of law.

[63 FR 2618, Jan. 16, 1998, as amended at 67 FR 1878, Jan. 15, 2002]

§ 203.77 May I voluntarily give up relief if conditions change?

Yes, by sending a letter to that effect to the MMS Regional Director for the GOM.

[67 FR 1878, Jan. 15, 2002]

§ 203.78 Do I keep relief if prices rise significantly?

If prices rise above a base price for light sweet crude oil or natural gas, set by statute for pre-Act leases, indicated in your original lease agreement or Notice of Sale for post-November 2000 deep water leases, you must pay full royalties as prescribed in this section. For post-November 2000 deepwater leases, price thresholds apply on a lease basis, so different leases on the same field, development project, or expansion project may have different price thresholds.

(a) Suppose the arithmetic average of the daily closing NYMEX light sweet crude oil prices for the previous calendar year exceeds \$28.00 per barrel, as adjusted in paragraph (f) of this section. In this case, we retract the royalty relief authorized in this section and you must: